

AGREEMENT

THIS AGREEMENT, made this day of SEP 20 1972, 1972, by and

between the MAYOR AND CITY COUNCIL OF BALTIMORE, a municipal corporation (hereinafter referred to as the "City"), and BALTIMORE COUNTY, MARYLAND, a body corporate and politic (hereinafter referred to as the "County").

WHEREAS, the General Assembly of the State of Maryland has established through Legislative Acts that Baltimore City has a statutory obligation to supply water to the Metropolitan District of Baltimore County at cost, without profit or loss, and that the County has a corresponding obligation to pay the actual costs incurred by the City in the capital investment, the operation and maintenance, and the management entailed in the provision of water to the County; and

WHEREAS, by existing agreements and Legislative Acts by the General Assembly of Maryland, Baltimore City supplies filtered water to portions of Anne Arundel and Howard Counties and raw water to portions of Carroll and Harford Counties from the Baltimore Water System; and

WHEREAS, it is the purpose of the parties hereto to continue the operation of the Baltimore Water System and to establish a method for the computation and payment of expenses incurred by Baltimore City and Baltimore County in connection with said water system; and

WHEREAS, it is contemplated that by this Agreement Raw Water, Treatment, and Filtered Water Facilities which shall benefit Baltimore City and Baltimore County and other political subdivisions shall be constructed and/or improved;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That in consideration of the covenants, agreements and payments, hereinafter set forth, it is mutually covenanted and agreed as follows:

ARTICLE I DEFINITIONS

- A. "Baltimore Water System" is hereby defined as the Raw Water, Treatment, and Filtered Water Facilities that serve all of Baltimore City and portions of Anne Arundel, Baltimore and Howard Counties with Filtered Water and portions of Harford and Carroll Counties with Raw Water.

- B. "Capital Expenditure" is hereby defined as all costs involved in the construction and/or installation of any water facility and shall include but shall not necessarily be limited to the sum of the following items: Land and/or rights-of-way, surveys, borings, material, labor, preliminary design and field engineering, construction costs, supervision and inspection of construction, overhead, and all other contributing costs or expenses. Repair and/or rehabilitation costs, paid from bond money, may be considered a capital expenditure. Capital expenditures, as the term applies in this Agreement, shall be reduced by the amount of any grant from the Federal government, the State of Maryland, or any capital contributions by others than the parties to this Agreement.
- C. "Debt Service" is hereby defined as the interest and amortization payments made during any given fiscal year on any given bond issue less any interest earned on temporary investments of unexpended bond funds plus interest that would have been earned on funds advanced to bond funds from other funds due to an expenditure of bond funds prior to issue. Interest earned on temporary investments shall be calculated by using the average monthly cash balance of each bond issue adjusted by the average percentage of available funds invested and multiplied by the average rate of earnings on investments.
- D. "Director" shall mean the Director of Public Works of Baltimore City or Baltimore County, or their duly authorized representatives.
- E. "Filtered Water" is water delivered to the distribution system after Filtration and Treatment.
- F. "Filtered Water Facilities" are hereby defined as the Filtered Water Pipelines, Filtered Water Pumping Stations and Filtered Water Reservoirs that are used in the conveyance of Filtered Water to the consumer.

- G. "Flow Distribution Method" requires a hydraulic analysis, usually done on an analog and/or digital computer, of the Water System or portion of the Water System based on the design requirements used to select any Improvement. Ratios of cost responsibility shall be developed by dividing the rate of Water to be supplied to each political subdivision by said Improvement under the design requirements used to select the Improvement by the total rate of Water to be supplied to all of the political subdivisions by said Improvement under the design requirements used to select the Improvement.
- H. "Incremental Volume Method" requires a tabulation of the estimated increase in peak daily Filtered Water usage projected for each political subdivision from the time the Improvement is to be placed in service until the end of the design period. Ratios of cost responsibility shall be developed by dividing the increase in peak daily Filtered Water usage projected for each political subdivision by the total increase in peak daily Filtered Water usage for all of the political subdivisions.
- I. "Major repair and/or rehabilitation" is hereby defined as a restoration of a Filtered Water Facility which does not increase its capacity and whose cost exceeds \$10,000.
- J. "Metropolitan District of Baltimore County" shall mean that territory as outlined and defined in Section 1 of Chapter 539 of the Acts of 1924 and, such extensions as have been approved, and as may be hereafter approved.
- K. "Political Subdivision" is hereby defined as the governments of Baltimore City, Baltimore County, Anne Arundel County, Howard County, Carroll County and/or Harford County.
- L. "Raw Water" is water obtained from a river, stream, or reservoir prior to treatment.
- M. "System Unaccounted Water" is hereby defined as the difference between Filtered Water delivered to the Baltimore Water System

and the sum of the total metered and the total unmetered water consumption.

- N. "System Volumetric Method" requires a tabulation of the actual quantity of Filtered Water, including Zonal Unaccounted Water, supplied to each political subdivision in all of the Zonal Distribution Systems. Ratios of cost responsibility shall be developed by dividing the actual quantity of Filtered Water, including Zonal Unaccounted Water, supplied to each political subdivision by the total quantity of Filtered Water, supplied to all the political subdivisions.
- O. "Unmetered Consumption" is hereby defined as the number of flat rate water service bills issued during the current fiscal year for the First Zone multiplied by 13,300 cubic feet per year and the number of flat rate water service bills issued during the current fiscal year for the Second Zone multiplied by 19,500 cubic feet per year.
- P. "Zone" is hereby defined as a subdivision of the Filtered Water portion of the Baltimore Water System in which a uniform static pressure range is maintained.
- Q. "Zonal Distribution System" is the network of pipelines within a zone that conveys Filtered Water from a Treatment Plant, a Filtered Water Pumping Station, or a Filtered Water Reservoir to the consumer.
- R. "Zonal Unaccounted Water" is hereby defined as the difference between the quantity of Filtered Water supplied to the zone and the sum of: (a) metered water consumption, (b) unmetered water consumption, and (c) quantity of Filtered Water delivered to other zones.
- S. "Zonal Volumetric Method" requires a tabulation of the quantity of Filtered Water, including unaccounted water, actually supplied to each political subdivision in the Zonal Distribution System or Systems served by said Pipelines, Pumping Stations, and/or

Storage Facilities. Ratios of cost responsibility shall be developed by dividing the quantity of Filtered Water, including unaccounted water, actually supplied to each political subdivision by the total quantity of Filtered Water, including unaccounted water, actually supplied to all the political subdivisions served by said Pipelines, Pumping Stations, and/or Storage Facilities.

ARTICLE II RIGHTS OF CITY AND/OR COUNTY NOT TO BE ABROGATED

- A. Nothing in this Agreement shall limit or abrogate any right or rights delegated to Baltimore City or Baltimore County by Acts of the General Assembly of the State of Maryland.
- B. It is further understood and agreed that the police, legislative, and governmental powers of the Mayor and City Council of Baltimore, Maryland, and the County Executive and County Council of Baltimore County, Maryland, are in no sense attempted to be abridged or restricted by this Agreement.
- C. Each signatory hereto agrees to recognize all rights and privileges acquired by acquisition of property and/or rights-of-way, each from the other and/or from other parties, and each such exception as may have been granted or will be granted each to the other and/or to other parties.

ARTICLE III RESPONSIBILITIES FOR NEW FACILITIES

Each party to this Agreement shall be responsible for planning, designing, and constructing Filtered Water Facilities located within its boundaries, except as authorized by the Acts of the General Assembly. Each party to this Agreement contributing to the cost of a Filtered Water Facility constructed by the other party shall have the right to review reports, plans, and financing of said facilities.

The planning, designing and constructing of all Raw Water Facilities, Raw Water Pipelines and Treatment Facilities shall be the responsibility of the City. The County shall have the right to review reports and plans of said Facilities. The financing of such Facilities, including the sharing of engineering and all other pre-

iminary costs shall be the subject of future agreements.

ARTICLE IV JOINT PLANNING

In order to provide data on which to base plans for future increases in the capacity of existing facilities and the construction of new facilities, the City and the County shall continue to maintain a jointly-staffed office that shall make detailed hydraulic, economic, and statistical studies of the entire Baltimore Water system. Assigned personnel and costs associated therewith shall be borne exclusively by the party from which said assignments originate. All other costs related thereto shall be apportioned in the Annual Water Statement.

Other political subdivisions, not party to this Agreement, shall be invited by the City and Baltimore County to contribute personnel and a proportionate share of the office expenses for joint planning. If the other political subdivisions decline to actively participate in designing future improvements to the Baltimore Water System, the system shall be designed to meet requirements of the City, Baltimore County and those other political subdivisions who form the joint planning office.

ARTICLE V CONSTRUCTION OF FILTERED WATER PIPELINES

All Filtered Water Pipelines and appurtenances shall be designed and constructed in accordance with the applicable codes, rules and regulations of the party within whose boundaries the construction is located.

ARTICLE VI INSPECTION OF PREMISES

The premises of all water supply properties in the territories of the parties to this Agreement may be entered and inspected by either party's Director or his representative after proper authorization has been secured.

ARTICLE VII OPERATION AND MAINTENANCE OF THE BALTIMORE WATER SYSTEM

Baltimore County, shall, on an annual fiscal year basis, pay its proportionate share of all expenses resulting from the operation, maintenance and administration of the Raw Water Facilities, the Treatment Facilities, and the Filtered Water Facilities that constitute the Baltimore Water System.

- A. All expenses involved with the operation, maintenance, and administration of the following facilities and/or functions shall be proportioned by the System Volumetric Method:

1. The collection, transmission and treatment of Raw Water.
 2. The General Supervision of the Administration Section of the Division of Water Supply of Baltimore City except those charges excluded under Article IV of the Agreement.
 3. The Engineering Services in the Division of Water Supply not charged to specific projects.
 4. The operation and maintenance of all pipelines in the Zonal Distribution Systems within Baltimore City until June 30, 1972. Effective July 1, 1972, and continuing thereafter, this item shall include only the operation and maintenance of pipelines twelve inches and larger in the Zonal Distribution Systems within Baltimore City.
 5. The storerooms and yards utilized in the operation and maintenance of Filtered Water Facilities.
- B. All expenses involved with the operation, maintenance and administration of the following facilities, including repairs not covered by Article IX, paragraph B of this Agreement, shall be proportioned by the Zonal Volumetric Method:
1. The chlorinator stations operating in conjunction with Filtered Water Pumping Stations, Reservoirs and Tanks in the Baltimore Water System.
 2. The Filtered Water Pumping Stations supplying the Baltimore Water System.
 3. The Filtered Water Reservoirs and Tanks supplying the Baltimore Water System.
- C. All expenses involved with the operation, maintenance, and administration of the following facilities and/or functions shall be by actual expenses for these services rendered to Baltimore County.
1. The engineering services rendered by the City on County projects.
 2. The field inspection rendered by the City on County projects.

3. The installation and repair of water meters and the investigation of complaints within Baltimore County.
 4. The services rendered by the City Water Consumer Service Division for Baltimore County, including postage.
 5. The operation and maintenance of the Zonal Distribution Systems within Baltimore County.
- D. To the expenses set forth in paragraphs A, B and C of this Article shall be added an amount of six (6) per cent which shall represent all additional expenses incurred by Baltimore City, except as otherwise set forth in other Articles of this Agreement.

ARTICLE VIII METERED WATER BILLING AND CUSTOMER SERVICE CHARGES

- A. Baltimore County shall, on an annual basis based on a fiscal year, bear its proportionate share of all expenses resulting from the preparation, issuance and collection of filtered water meter bills, including fire line bills; but excluding flat rate bills, as follows:
1. The amount chargeable for the processing of metered water bills and fire line bills by the Baltimore City Bureau of Collections is hereby established as forty (40) per cent of the direct expenses incurred by said Bureau. Except for expenses relating to Parking Meter Personnel, said expenses shall include salaries, miscellaneous expenses, telephone, payroll and office rental. To these expenses shall be added an amount of six (6) per cent which shall represent all additional expenses incurred by Baltimore City, except as otherwise set forth in other Articles of of this Agreement.
 2. The amount chargeable for the processing of metered water bills and fire line bills by the Baltimore City Bureau of Data Processing shall be all direct and indirect expenses incurred by the Metered Water Section of said

Bureau. Said expenses shall include equipment rental, salaries, miscellaneous expenses, payroll and office rental. To these expenses shall be added an amount of six (6) per cent which shall represent all additional expenses incurred by Baltimore City, except as otherwise set forth in other Articles of this Agreement.

3. The amount chargeable to Baltimore County for the processing of metered water and fire line bills by the Bureau of Collections and the Bureau of Data Processing shall be based on the unit cost per metered water and fire line bills multiplied by the total number of said bills issued for the County. The unit cost of said bills shall be determined by dividing the sum of the expenses derived by the procedures described in the foregoing paragraphs 1 and 2 by the total number of bills issued for metered water and fire lines.

B. Baltimore County shall, on an annual fiscal year basis, bear its proportionate share of all expenses resulting from the processing of complaints and requests for information, as follows:

1. The amount chargeable to the Baltimore Water System for the processing of complaints from water consumers shall be the product of expenses properly chargeable to the City's Customer Services Division and the ratio developed by dividing the number of water complaints by the total number of complaints processed by that Division. Said expenses shall include salaries, miscellaneous expenses, utilities, payroll and office rental. To these expenses shall be added an amount of six (6) per cent which shall represent all additional expenses incurred by Baltimore City, except as otherwise set forth in other Articles of this Agreement.

2. The amount chargeable to Baltimore County for the processing of complaints by the Customer Services Division shall be the product of expenses properly chargeable to the Baltimore Water System (as calculated in 1. above) and the ratio developed by dividing the number of Baltimore County Water accounts by the total number of accounts in the Baltimore Water System.

ARTICLE IX DEBT SERVICE

Debt Service resulting from bonds issued by either party to this Agreement for mutually beneficial improvements for which cash reimbursements have not been made by the party other than the issuer party shall be apportioned in the Annual Water Statement, as set forth in this Article.

- A. For improvements accomplished after June 30, 1970:
 1. Repair and/or rehabilitation of Raw Water and Treatment Facilities - System Volumetric Method.
 2. Repair and/or rehabilitation of Filtered Water Pumping and Storage Facilities - Zonal Volumetric Method.
- B. Capital expenditures from any bond issue for mutually beneficial improvements, accomplished or under way prior to June 30, 1970, that have been apportioned on the Fiscal 1970 Annual Water Statement shall be continued to be apportioned on the same basis as reflected in said Statement until such time as this Agreement may be amended in reference thereto.
- C. The Debt Service allocated to each political subdivision shall be calculated in the following manner:
 1. Debt Service during any fiscal year for each bond issue shall be divided by the total capital expenditures to date from that issue to obtain the debt service percentage for that year for each bond issue.

2. The capital expenditures apportioned, by the methods specified in paragraphs A and B of this Article, to each political subdivision from each bond issue shall be multiplied by the appropriate debt service percentage to obtain the debt service allocated to each political subdivision from each bond issue.

ARTICLE X MAJOR REPAIRS AND REHABILITATIONS TO FILTERED WATER PIPELINES, TWELVE INCHES AND LARGER IN DIAMETER

Costs for major repairs and/or rehabilitations to Filtered Water Pipelines, twelve inches and larger in diameter, in the Baltimore Water System shall be apportioned by the original capital construction allocation if the original allocation was made by the Flow Distribution Method. If this was not the Method originally used, then the above mentioned costs shall be apportioned by the Flow Distribution Method for the current design period. This Article shall apply regardless of the Method of payment, i.e. cash contribution, debt service payments or by the Annual Water Statement.

ARTICLE XI FUTURE FACILITIES

- A. Whenever new Water Facilities and/or enlargements, additions or improvements to existing Water Facilities that may be mutually beneficial to the parties to this Agreement and/or to other political subdivisions are deemed necessary by either party to this Agreement, the Director of the City or the County, in whichever the aforementioned work would be performed, shall promptly notify or be notified by the Director of the other party to this Agreement of the need for said work. Other political subdivisions, not party to this Agreement that may receive benefit from said work shall also be notified by the Director of the City/County wherein the work is to be performed. The Director of the City or the County in whichever said work would be performed shall prepare and transmit the necessary preliminary studies, designs, and cost estimates to the Director of the other party to this Agreement for his review and approval. The Director shall also transmit the aforementioned design and cost information to any other

political subdivision that may receive benefit from said work.

- B. The capital expenditures for the mutually beneficial Water Improvements constructed after June 30, 1970, shall be apportioned to each benefitted political subdivision by the following methods:
1. Filtered Water Pipelines - Flow Distribution Method.
 2. Filtered Water Pumping Station and Storage Facilities - Incremental Volume Method.
- C. Capital expenditures allocated to each political subdivision shall be the responsibility of that political subdivision.
- D. Before either party to this Agreement commences a Future Facility as defined in paragraph A of this Article the party not executing the work shall certify to the party executing the work that funds for its share of participation are available. In the event that funds are not available, the parties agree to attempt to obtain funds as expeditiously as possible.
- E. Payment to the party executing the work shall be made by the other party on the basis of progress payments by the executing party based upon work completed. Such payment, billed on the 15th day of each month for the proportionate share of the amount of work completed as of the 1st day of the month, shall be due as of the 15th day of the following month.
- F. On or before the 1st day of November of each year, the Directors shall prepare and exchange lists of mutually beneficial water facilities scheduled for construction in their respective political subdivisions during the two subsequent fiscal years. The said lists, submitted for reciprocal review by both parties to this Agreement and to other political subdivisions, shall include a general description of the projects, estimated costs, estimated ratios of cost responsibility and the purpose for which the proposed projects are intended. Within sixty (60) days after receipt of said lists of mutually beneficial facilities, the party receiving the list shall confirm its intention to financially participate in the costs as provided in this Article and Article IX. The approval of the City and

Counties is subject to further approval in the case of Baltimore City, by the Board of Estimates, in the case of Baltimore County, by the County Executive, and, in the case of other political subdivisions, by appropriate resolution of the governing body.

ARTICLE XII COSTS TO BE RECALCULATED ANNUALLY

A. Annual Water Statement

On or before the 31st day of December of each year, the City shall submit to the County a statement showing computations of the County's share of costs for the preceding fiscal year. The computations shall be jointly prepared by the City and County as shown in the attached exhibit for fiscal 1970 and shall be in accordance with the principles and methods of costing as set forth in Articles VII, VIII and IX.

B. Payment:

If the County's share of costs exceeds billed revenues from County consumers, less abatements, the County shall remit the difference to the City within sixty (60) days of receiving the Annual Water Statement. If billed revenues from County consumers, less abatements, exceed the County share of costs, the City shall remit the difference to the County within sixty (60) days of forwarding the Annual Water Statement.

ARTICLE XIII ACCESS TO RECORDS

Each party of this Agreement shall have ready access to all plans, office and field records, cost accounts, records and files of the Baltimore Water System of the other party.

Either party shall have ready access to all schedules, programs, and cost estimates relating to altering or enlarging the Baltimore Water System, or any part thereof.

Each party shall have ready access to all information, records, calculations, and data used to prepare the Annual Water Statement.

ARTICLE XIV ARBITRATION

In the event of any disagreement between the parties to this Agreement over the terms of the Agreement, the parties shall submit, on the demand of either, the matter to arbitration in the following manner: The County shall appoint one arbitrator and the City shall appoint one arbitrator. The two arbitrators so appointed shall select a third, who shall be chairman of the board of arbitration. If the two arbitrators are unable to agree upon the third arbitrator, the Chief Judge of the Court of Appeals shall be requested to designate such third arbitrator, and the written decision of the majority of the board of arbitration shall be final and binding upon both parties.

ARTICLE XV TERM OF AGREEMENT

This Agreement shall be retroactive to July 1, 1969 and shall continue in force and effect until amended by the parties hereto or until a new Agreement is made between the parties.

If it becomes necessary or desirable in the opinion of either party to amend this Agreement, such party shall so notify the other in writing at least 30 days before the end of any calendar year. Such party shall accompany its written notification with a draft of its desired amendment or new Agreement. If the parties are unable to agree, the present Agreement shall continue in force. In the case of disagreement, either party may initiate arbitration proceedings according to Article XIV, above.

If the parties agree to terminate this Agreement, it is understood that the City shall continue to furnish filtered water to consumers in the Baltimore water system, until Chapter 539 of the Acts of 1924 is amended or repealed.

IN WITNESS WHEREOF, the parties hereto have properly executed this Agreement, as of the day, month and year first above written.

ATTEST:

(CITY SEAL)

Lawrence B. Daley
Lawrence B. Daley, Deputy Treasurer

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY:

Charles T. LeViness
Charles T. LeViness
Chief Assistant Solicitor
Baltimore Law Department

MAYOR AND CITY COUNCIL OF BALTIMORE

William Donald Schaefer
Mayor

APPROVED: SEP 20 1972

BOARD OF ESTIMATES OF BALTIMORE

By: Richard A. Lidinsky
Richard Lidinsky
Clerk

TEST:

[Signature]

BALTIMORE COUNTY, MARYLAND

By:

[Signature] 8-25-72
Dale Anderson
County Executive

APPROVED AS TO LEGAL FORM:

[Signature]
County Solicitor of Baltimore
County

APPROVED:

[Signature]
Albert B. Kaltenbach, Director
Department of Public Works of
Baltimore County

APPROVED AS TO LEGAL SUFFICIENCY:

County Solicitor of Baltimore
County